

AUBURN MOTORS

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The chart enclosed on Auburn Motors has all of the natural important angles placed on it which shows the natural resistance angles obtained by dividing up the circle of 360° . We have used only the 45° angles from tops and bottoms, the 90° angle and the horizontal angle, which is equal to an angle of 90° . Every stock squares itself according to price and time and when it breaks out of the square one way or the other continues to move in the same direction until it reaches another important 45° angle or resistance point according to the time or price. We use the angles of $11\frac{1}{4}$, $22\frac{1}{2}$, $33\frac{3}{4}$, 45 , $56\frac{1}{4}$, 60 , $67\frac{1}{2}$, $78\frac{3}{4}$, 90° and so forth. Then draw the 45° angle diagonally where the time crosses the 45° angle from either the important top or bottom.

The crossing of two right angles is very important for a change in trend as we will show on the example of Auburn Motors.

Auburn Motors made the extreme high on April 1, 1930, at $263\frac{3}{4}$; then made a second high on April 10th and a third final high on April 16, 1930, when the price reached $262\frac{3}{4}$. We draw the 45° angle from the top of April 1st and another 45° angle from the last top made on April 16th; then number the days across and draw the 45° angles bisecting the 45° angles from the top.

Example: April 15th the 45° angle from April 1st and the 45° angle from $11\frac{1}{4}$ days over crossed at the exact point where Auburn made the low price at this time. In other words, on April 15th Auburn made bottom on two 45° angles; then rallied to April 16th, broke the 45° angle and the trend turned down.

Note 23° or days over where we reach the angle of $22\frac{1}{2}^{\circ}$ and that Auburn made low on the 22nd day, rallied only one day, then broke the day angle or time angle of $33\frac{3}{4}$; next broke the more important 45° angle, showing that it was getting weaker all the time. It made bottom at 180 on the 27th day from the top. 180 is always an important resistance point because it is one-half of the circle of 360° . Auburn rallied to 201. The next important resistance level is $202\frac{1}{2}$, or $22\frac{1}{2}^{\circ}$ added to 180. Auburn at this top was just under the 45° angle. Next it broke the 45° angle from the day angle of $56\frac{1}{4}$.

May 20th, declined to 150, another important natural angle because it is $\frac{5}{12}$ of the circle. This bottom was reached on the 40th market day. Auburn then rallied to 172 on the 45th market day, which is very important for a change in trend and top. Next it broke the 45° angle drawn from the bottom at 150; continued on down; broke the 45° time angle from $78\frac{3}{4}$, then broke the 45° angle from 90 timing angle. 90 is twice as strong as 45 and very important for a change in trend.

June 23rd, this is an important date for a seasonal change in trend. Auburn declined to 91, holding 1 point above the 90° price angle or resistance which is always important for tops or bottoms. It was on the 67th day and $67\frac{1}{2}$ is a strong angle.

July 17th, Auburn rallied to 141 on the 86th day and failed to reach the 45° angle from $101\frac{1}{4}$ days. Next it broke the 45° angle from $112\frac{1}{2}$ days; then broke the 45° angle drawn from the low of 91, which indicated that it was in a weak position and going lower. Note that 91 was the lowest parallel angle or lowest 45° angle from the 45° angles drawn from the tops of April 1st and April 16th. This

parallel was 53 points wide from April 1st top and 59 wide from April 16th top. The bottom occurred on the 120th day time angle and 120 is important because it is $1/3$ of a circle.

August 12th, Auburn declined to 102, which is just above the natural resistance angle of $101 \frac{1}{4}$ and this bottom occurred on the 108th day and just above the 45° angle from the 135th day time angle.

September 6th, Auburn rallied to 135 and hit the 45° angle from April 1st top. It was on the 135° natural resistance angle, which is $3/8$ of a circle and very strong. A stock is always a short sale the first time it rallies to the 45° angle from its top, protected with a stop-loss order 3 points above the angle, and at this point it was a safe short sale because the price was 135, which equals the crossing of two right angles. Auburn next broke under the 45° angle from the bottom at 102 and the 45° angle from the 135th day. It continued to break angles and to work into weaker squares until the final bottom was reached.

November 5, 1930, Auburn declined to $60 \frac{3}{8}$. 60 is always important because it is $1/6$ of a circle. It made this bottom on the 177th market day from April 1st top. Note on the 180th market day Auburn made a higher top and turned the trend up for the first time. The bottom was reached on the 190th day angle or on a 45° angle drawn diagonally from 190 days down from the top.

November 17th, for the first time since April 1930, Auburn crossed the 45° angle from the top of April 1st, when the price reached 77, where the trend turned up, and put Auburn in a very strong position because it crossed the 45° angle at such a low level.

Note the top of November 20th was made at $82 \frac{1}{2}$, just under the 45° angle from the top of April 16th. Then a decline followed and bottom was reached at $72 \frac{1}{2}$ on November 28, 1930.

November 29th, Auburn crossed the 45° angle from the April 16th top for the first time, indicating that it was in a stronger position and that the main trend had turned up because it had crossed the extreme outside parallel angle. This low was made around $78 \frac{3}{4}$, the natural angle, and Auburn never sold lower after crossing this outside 45° angle until it advanced to $295 \frac{1}{2}$ on April 14, 1931.

After Auburn regained or got above the 45° angle from the top of April 15, 1930, it started regaining 45° angles and making higher parallels to the left of the 45° angle from $60 \frac{3}{8}$ just the reverse of its movement on the way down from $263 \frac{3}{4}$ to $60 \frac{3}{8}$.

December 18, 1930, Auburn advanced to $119 \frac{3}{4}$. This was nearly twice the price of $60 \frac{3}{8}$, and the natural angle, or $1/3$ of a circle, is at 120. This top occurred on the 36th market day.

December 23rd, Auburn declined to $91 \frac{1}{2}$ and made a second bottom at 92 on December 27th, holding above the 90° resistance point. Note that 90 was the half-way point from $60 \frac{3}{8}$ to $119 \frac{3}{4}$, which showed that Auburn was in a strong position. The last low of 92 was reached on the 43rd market day, and the price was above the 45° angle from $33 \frac{3}{4}$ days.

1931, January 5th, Auburn rallied to 116 on the 225th market day from the

top of April 1930. 225 is always strong because it is $5/8$ of a circle. Auburn then declined and broke the 45° angle drawn from the bottom of 60 $3/8$.

January 14th and 17th, declined to 101 $1/4$, which is the natural resistance angle. Note the cross angle of 101 $1/4$ and that the price was bottom on the 60th market day, which your rule tells you is very important for a change in trend because it is $1/6$ of a circle. The trend turned up and Auburn continued to get into a stronger position on angles.

January 22, 1931, Auburn crossed the 45° angle, marked in green, from the 60th market day and on January 16th crossed, or regained, the 45° angle drawn from the bottom at 60 $3/8$. The price was 128 on the 67 $1/2$ market day angle. When a stock regains the 45° angle from the bottom it is in a very strong position. Auburn never got back to the 45° angle from 60 $3/8$ until it made top on April 14, 1931, at 295 $1/2$. On the advance after crossing the 45° angle of 60 $3/8$, it continued to show strength because it worked into higher parallel angles to the left of the 45° angle from the bottom.

February 9, 1931, Auburn crossed the 45° angle drawn from the top at 119 $3/4$ made on December 18, 1930. This was another indication of a very strong position.

February 26th, Auburn made top at 217 on the 92nd market day from the bottom or just 2 days over the 90th day, which is always important for a change in trend. Note the natural resistance level at 213 $3/4$. Auburn then dropped back under this angle and broke back under the 120 day time angle marked in green, which put it into a weaker position and indicated a decline. You can see that Auburn on the way up worked to the 45th, 90th, and other important days on time just the same as it did on the way down.

March 7th, Auburn declined to 175, just 5 points under 180, which is half of the circle, and it reached the 45° angle which was $1/2$ of the distance between the 45° angle drawn from the top of 119 $3/4$ and the 45° angle drawn from the first top made on November 20, 1930, at 82 $1/2$. Auburn made this top on the 100th market day and on the 101st day crossed the 120 green angle, which is the time angle. Then made two days tops on the 45° angle from 217 top. Then crossed the 45° angle from the top at 217 and never dropped back under it and continued to make higher parallels to the left of the 45° angle from 60 $3/8$.

April 14th, Auburn reached extreme high of 295 $1/2$. This was a date for a seasonal change because the last high occurred on April 16th, 1930, from which the big decline followed. Note that the same width of parallel from the lowest 45° angle drawn from 101 $1/4$ and 103 $1/2$ bottoms made January 14th and 19th, 1931, which was 59 wide. April 14th, the 180th day angle, crossed at 290. This was the crossing of 2 right angles—one the parallel angle of same width of the fluctuations from 263 $3/4$ to 91, and the other from the extreme of 101 $1/4$ to 295 $1/2$. The same day that Auburn advanced above the crossing of these parallel angles of 290 it declined and closed at 287, below these angles indicating a weak position. Auburn only closed 1 day above the width of the same parallel on which it declined. Then it started breaking parallel angles and getting into a weaker position right along.

It is important to note that 292 $1/2$ is an important resistance level because it is 270, which is $3/4$ of a circle, plus 22 $1/2$, and Auburn failed to go over three points above this angle. Another thing to consider is that from 60 $3/8$ to

295 1/2 Auburn was up 235 1/8 points, which was nearly 2/3 of a circle and another reason for strong resistance. You should look up your resistance card and see the other important points around this level. For example, Auburn's extreme high was 514 and the low on the last move 60 3/8. This would make the half-way point 287 1/8. Auburn's extreme low of history was 31 3/4. This would make the half-way point 272 1/2. Then when Auburn broke back under the first half-way point of 287 1/8 it indicated weakness; next breaking the half-way point of the life fluctuation at 272 7/8, indicated greater weakness. The next important point was 257 or 1/2 of 514, the highest price at which Auburn ever sold. Therefore, when Auburn broke under 257 it was in a very weak position and indicated a further sharp decline.

April 20, Auburn declined to 180, getting support on the natural angle or 1/2 of the circle. This was on the 315th market day from April 1930, and on the 136th market day from the low of 60 3/8 and on the 166th calendar day. 165 is important because it is 1/2 between the angle of 150 and 180. Auburn made bottom on the 45th market day from the low of 101 1/4 made on January 14, 1931. It rested on the lowest parallel angle of 45°.

From 60 3/8 to 295 1/2 gives the half-way point at 177 3/4 and Auburn holding above this half-way point showed it was in a strong position and ready to rally. At that time 178 1/2 was on the 45° angle from 103 1/2, the low of January 19, 1931, and being the last and lowest 45° angle it was the strongest support point, from which a rally must take place and the stock was a purchase with stop 3 points under.

April 24th, Auburn rallied to 219 and hit the 45° angle from the bottom of 178 made on March 7th; then broke back under 213 3/4, the price angle, and broke 146 1/4 the day angle.

April 30, 1931, Auburn declined to 187, resting on the 45° angle from the low of 103 1/2. A sharp rally followed and on May 1st Auburn advanced to 227 1/2, just under the 45° green angle from 157 1/2 days. This was a cross-angle and also a 45° angle from the top of 119 3/4. The price of 225 was on a strong resistance, or 2250, which is 5/8 of a circle, and Auburn failed to go 3 points above it. A big break followed in the afternoon of the same day and Auburn declined to 184, which was 3 points under lowest 45° angle from 103 1/2, the bottom of January 19, 1931, and was just above the 45° green angle from the 135th market day and on the 146th market day from November 5, 1930, and on the 179th calendar day from the bottom, which was a strong indication for bottom or a change in trend. Auburn quickly regained the 45° angle from the lowest parallel; then crossed the 45° angle drawn from 60 3/8.

May 5th, Auburn advanced to 225 1/2, where it struck the same resistance of 225 on the natural resistance angles. It hit a 45° angle from the low point of 183 and the 45° angle from the top made on May 1st, and was just under the 45° angle from the 157 1/2 day, a strong resistance point.

May 6th, Auburn declined to 203 on the 45° green angle from the 146 1/4 day and being just above the natural resistance angle of 202 1/2, it received strong support, rallied and crossed the angle of 45° from 60 3/8 which put it again in a very strong position.

May 9, 1931, Auburn advanced to 252. This was just under the 45° angle from 219, the low of March 30th and on the 22nd day from the top of April 14, 1931.

You will note that 257 is $\frac{1}{2}$ of the highest price at which Auburn ever sold—514. May 9th was 330 market days from April 1, 1930, which is important, and 103 market days from $50 \frac{3}{8}$ and 185 Calendar days from $60 \frac{3}{8}$. On May 9th Auburn dropped back under the 45° angle from the $168 \frac{3}{4}$ day, declined to 237 where it rested on the angle of 45° from the top at $119 \frac{3}{4}$ made January 18, 1931.

At this writing, May 9, 1931, Auburn is in a strong position on angles, but is a short sale on rallies with a stop at 260, which is 3 points above the half-way point, or $\frac{1}{2}$ of 514. The stock is in a strong position on angles and you have to watch the 45° angle from the top at $295 \frac{1}{2}$ and the angle marked in green from 180. As long as Auburn can hold above the 45° angle from $60 \frac{3}{8}$ it is still in a position to rally, but when it breaks the 45° angle from $60 \frac{3}{8}$ and the lowest 45° angle from $101 \frac{1}{4}$ and $101 \frac{1}{2}$, the bottoms of January 14th and 19th, 1931, it will then indicate a big decline.

If Auburn can cross 260, the next resistance point will be around 273 and the next around 287 and should it get through the old top of $295 \frac{1}{2}$ or cross 300, it will then indicate very much higher prices. You should always watch the $\frac{1}{4}$ and $\frac{1}{2}$ points from the last important bottom. In Auburn's present position, the point to watch would be between 180 and 252. Also $237 \frac{3}{4}$ which is $\frac{1}{2}$ from $295 \frac{1}{2}$ to 180. Auburn closed just around this point on May 9th, which is near 240 and an important resistance level, which is $\frac{2}{3}$ of the circle. Should Auburn break 234 now, or over 3 points under this half-way point it will indicate lower.

May 9, 1931.